

Message Text

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70

ACTION EUR-12

INFO OCT-01 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01

COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07 INT-05 L-03

NSAE-00 NSC-05 OMB-01 PM-04 USIA-06 SAM-01 OES-03

SP-02 SS-15 STR-04 TRSE-00 FEA-01 PA-01 PRS-01 /094 W

----- 033635

P 032229Z FEB 76

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC PRIORITY 8714

INFO AMCONSUL CALGARY

AMCONSUL WINNIPEG

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E.O. 11652: N/A

TAGS: ENRG, CA, US

SUBJECT: ENERGY: HEAVY OIL EXPORTS

1. NATIONAL ENERGY BOARD (NEB) INFORMED EMBOFF FEBRUARY 3 THAT FINAL DECISION HAS BEEN MADE TO LICENSE AND ALLOCATE SEPARATELY LLOYDMINISTER-TYPE HEAVY OILS FOR EXPORT IN MARCH AND APRIL. PURPOSE OF NEB ACTION IS TO RELIEVE PRESSURES OF DEPRESSED MARKET FOR CANADIAN HEAVY OILS.

2. FOR MARCH, AUTHORIZED HEAVY OILS EXPORTS WILL AMOUNT TO 35,000 B/D WITHIN THE OVERALL LIMIT OF 510,000 B/D OF AUTHORIZED CRUDE AND EQUIVALENT OIL EXPORTS. TRADITIONAL U.S. IMPORTERS OF HEAVY OILS WILL BE ALLOCATED A SHARE OF THE 35,000 B/D ON A PRO RATA BASIS. WHILE THEY WILL NOT BE FORCED TO TAKE THEIR PRO RATA SHARE, THEY WILL NOT REPEAT NOT BE ALLOWED TO SUBSTITUTE THE MORE DESIRABLE LIGHTER CRUDES FOR IT. TO THE EXTENT THAT TRADITIONAL U.S. IMPORTERS DECLINE TO PURCHASE THESE HEAVY OILS, THE OILS WILL BE PLACED ON THE "OPEN" MARKET FOR PURCHASE BY OTHER IMPORTERS OVER AND ABOVE THEIR OTHERWISE
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ALLOWABLE IMPORT QUOTAS.

3. ACCORDING TO NEB OFFICIAL, THE VOLUME OF HEAVY OILS AVAILABLE UNDER THE NEW LICENSING PROCEDURE MAY CHANGE IN APRIL DEPENDING ON MARKETING CIRCUMSTANCES AND THE METHOD OF ALLOCATION MAY ALSO BE ALTERED FOR THAT MONTH WHEN FEA IS EXPECTED TO ASSUME IMPORT ALLOCATION RESPONSIBILITIES.

4. NEB PRESS ANNOUNCEMENT EXPECTED SHORTLY.

JOHNSON

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Message Attributes

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